1944

Development

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26. 8. 44.

The Indian Sugars and Refineries Ltd
Hospet - Installation of additional plant

21692

C.F. 32.

Department

From (Name) A. Khaleeli, Esq., I.C.S.

Designation Director of Industries & Commerce,

Station Madras.

UNDER SECRETARY DEVELOPMENT DEPARTMENT
Received 12 APR 1944 Registered

To The Secretary to Government, Development Department, Madras.

Enclosures:

No. 652-A/44 dated 4/11-4-1944. 194 :

Sir,

Sub: The India Sugars and Refineries Ltd., Hospet - Installation of additional plant.

Below

I enclose a copy of a letter No.3771, dated 18th March 1944 received from the India Sugars and Refineries Ltd., Hospet. The letter fully explains the necessity for the additional units. I recommend the issue to the factory of the Essentiality certificate for the additional units and request that all facilities may be given to the factory to obtain them. I shall issue the necessary certificate as per Section 26 (3) (b) of the Excess Profits Tax Act, in due course.

pu 67 of Industries and Labour Dept. I (2) put up M

for Director of Industries & Commerce.

pr.11-4.

Copy of letter No.3771, dated 18-3-1944 from the India Sugars & Refineries Ltd., Hospet.

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We beg to invite your kind attention to the imperative need for installing additional plant so as to expand our production of sugar as directed by Government. The stipulated capacity of our Plant as per the Original Specification is only 400 tons. But this season we have been crushing on an average, about 600 tons a day (24 crushing hours) so as to absorb the cane commandeered by Government and in obedience to the policy of Government to augment the output of a vital necessary of life like sugar. We have crushed till yesterday about 54,000 tons which is an unprecedented figure in the annals of the Company both for the average daily production and the total for the period. This has been achieved at great risks and sacrifices. On account of the excessive strain on the machinery we have had to stop crushing every now and then for cleaning and giving relief to the units which experience frequent jamming, inevitable because of crushing a quantity greater than the stipulated capacity. So the installation of additional units is an indispensable need if the pace and volume of production have to be maintained or augmented still further. Otherwise the machinery might break down seriously dislocating the normal production of sugar.

The problem of financing the cost of the additional units required on account of war conditions bristles with difficulties. It is an admitted fact that our company has not so far been able to pay a decent dividend to the shareholders. The standard profit for our company having been fixed at Rs.1,08,000 it will not be possible for the

p.t.o.

company to declare even the 10% dividend recommended by the Sugar Tariff Board in the pre-war period. So it will not be to the interests of the shareholders to impose excessive strain on the units of machinery and shorten their life by crushing more than what is necessary to earn the Standard Profit fixed. It will not be equitable, therefore, to encroach upon the meagre profits of the shareholders for installing additional units, the necessity for which has arisen admittedly as a result of war conditions. So we beg to request you to grant us an Essentiality Certificate for the Additional Units and the facilities to obtain the same, with the proviso that they should be chargeable as per section 26, clause (3) (b) of the Indian Excess Profits Tax reducing the life of the Units to 3 years. A list of units required, along with their approximate prices, is submitted herewith.

It is no empty boast on our part when we say that we have crushed and still continue to crush much more than what is necessary to give the shareholders the profit fixed by the Government. In spite of the strain on men and machinery caused by the increased pace and volume of production, we are ready to augment our output still further in obedience to the wishes of Government because we feel that no sacrifices are too great in the production of a vital necessary of life like sugar.

Assuring the Government of our readiness to co-operating heartily in their policy of augmenting sugar production in the country.

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The India Sugars & Refineries Ltd., Hospet.

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Additional Units required for augmenting output.

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S.No.	Description of unit.	Pre-War price	Approximate present price.
1.	Milling plant	Rs. 1,10,000	
2.	Clarification plant .	20,000	
3.	Evaporation & Boiling plant ..	60,450	About 50% more than the Pre-War prices
4.	Curing & Cooling plant ..	36,400	
5.	Sundry plant ..	16,000	
6.	Power plant ..	1,00,000	
7.	Weigh Bridges ..	35,000	
8.	Workshop machinery ..	14,750	
9.	Iron & Steel requirements for Sugar Godown ..	12,500	
		4,05,100	About Rs.6 lakhs.

pr. 11-4.

Very Urgent
Devisue
today.
2-5-44

138/43

Dept Dept

Cecos-21692 J-I/44-2, d. 2-5-44

Civil Supplies - Sugar - Hospet Sugar factory - Installation of additional plant.

Cl: Repe. letter from the D.I.C nr. 652.A/44 of 11.4.44

The D.I.C is requested to state under what order he wants the Govt. to issue an essentiality certificate to the Hospet Sugar factory for purchasing machinery. He is also requested to state what facilities he expects the Govt. to give the factory to obtain the additional units.

2. The question of making any allowance with reference to Sec.26(3)(b) of the Excess Profits Act in computing profits would appear to be one to be settled by the Hospet Factory with the Central Bd. of Rev. and it does not seem that the D.I.&C. can issue any certificate in this regard as proposed by him.

The D.I.C

15 Tols Rec 13/5

Dev. Dept.

O.M. 2/1692 J-I/44-3, d. 13-5-1944

C.S. — Sugar — Hospet Sugar Factory —
Installation of additional plant —

Ref. Memo. no. 21692-J-I/44-2, Dev; d. 2/5/44 f. 3 a/c

The D.I.C. is requested to state when a reply may be expected.

12.5.44 12.5.44 13/5/44.

Despt. 85 13/5/44.

To the D.I.C.

R.D. 23-5-44.

No.652 A1/44. Office of the Director of Industries and Commerce, Madras, dated 28th June 1944.

From

A.Khaleeli Esq., I.C.S.,
Director of Industries and Commerce,

To

The Additional Secretary to Government,
Development Department, Madras.

UNDER SECRET
4-JUL 1
DEVELOPMENT DEPT.
38584

Sir,

Sub: Civil Supplies - Sugar - Hospet Sugar Factory Installation of additional plant.

Ref: Government Memorandum No.21692 J1/44-2 dated 2-5-44

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I addressed the India Sugars and Refineries Ltd., Hospet in the matter and enclose a copy of its reply with its enclosures. In view of the need for augmenting sugar production in the Province and as the factory has made special efforts in this regard, I recommend that an essentiality certificate more or less on the lines given to Messrs. K.V. Ratnam & Bros., in Government Memo. No.27246 LI/44-1 dated

7-6-44, be given to this factory also.

2. I request also that the endorsement referred to in paragraph 1 of their letter may be given to enable the management to move the Central Board of Revenue to make the necessary allowance under Section 26(3)(b) of the Excess Profits Tax Act. Such a certificate has been recently given to Messrs. Parry and Co., Madras who have undertaken at Government's instance to expand production of superphosphates required by the agriculturists.

for Director of Industries and Commerce

G.M.30.6.

7H

THE INDIA SUGARS & REFINERIES, LIMITED.

(Registered Office: Hospet, Bellary District)

...ao Bahadur A.D.Tandu Modaliar,

XXXXXXXXXXXX Managing Director.
V. RAMALINGAM,
XXXXXXXXX
Managing Agent

HOSPET, Bellary District.

21st June, 1944.

Codes Used :—Bentley's
Tel: "SUGARS" Hospet

Ref. No 6092....

To

The Director of Industries & Commerce,

MADRAS.

Sir,

SUB:- Essentiality Certificate for additional units of machinery to expand production of sugar.

REF:- Yours No.652-A(1)/44 of 27-5-1944 in reply to ours No.3779 of 18-3-1944.

We should like to invite your kind attention to our letter No. 2579 of the 28th January, 1944, which will show that our proposal to instal additional units of machinery is an outcome of the desire of Government to expand the production of sugar to the maximum. In fact, the shareholders, who are the real proprietors of the Factory, are inclined to be chary of any measures that tend to shorten the life of the existing machinery or involve additional expenditure without fetching reasonable returns in the shape of better dividends.

The quantity of 60,139 tons crushed in the season that concluded in April last, constitutes the highest on record in the annals of our Company. But this was achieved at incalculable strain on men and machinery and in face of insuperable odds caused by our inability to obtain the badly-needed

spare parts for the crushing operations in the previous year in spite of our request to Government to help us in procuring them. The concluding paragraph of the Sub Collector's report to Government which is reproduced below, will bear testimoney to the sacrifices made and the strain shouldered by the men and machinery of the company in deference to the wishes of the Government to augment the output of an essential cpmmodity like sugar.

"CONCLUSION: In this connection I am thankful to the factory authorities for their hearty co-operation in bringing the scheme to a successful end. The factory has produced over 64,000 bags of sugar which is about 20,000 more than they have ever done in their History. It must also be remembered that the factory earned its standards profit when they completed 30,000 bags, and that with E.P.T. and Income Tax, it was scarcely worth their while to continue producing at the risk of damaging their old machinery, when there was no hope of getting replacements. The Engineers of the factory, and the workshop have done miracles of patching up, to keep the machinery going for this high standard of crushing."
(Concluding para of the Sub Collector's report to Govt., Ref: C. 2780/43 of 17-4-44)

4 Even if we have to maintain the normal output of 4000 tons of sugar not to speak of augmenting it still further in the ensuing season, it is absolutely necessary to instal the additional units of machinery in good time as we cannot be oblivious to the possible breakdown of our present machinery if they are taxed in the ensuing season. So it is imperative that the additional units should be installed in good time. As their installation has been necessiatated by the desire of Government to

to increase the output of sugar in this Presidency so as to make up the deficiency in the supply of this essential commodity caused by conditions arising from the present hostilities, we shall thank you to grant us an endorsement to that effect so that we may move the Central Board of Recenue to make the necessary allowances under section 26(3)(b) of the Excess Profits Tax Act in computing the profits of our company.

In conclusion we earnestly hope you will not only grant us the Essentiality Certificate and the endorsement but also render all possible help and facilities for procuring and installing the units expeditiously so that we may produce more sugar in deference to the wishes of Government.

Yours faithfully,
For THE INDIA SUGARS & REFINERIES LTD.,

MANAGING DIRECTOR.

MK.

The India Sugars & Refineries, Limited

(Registered Office : Hospet, Bellary District)

Managing Agent :
V. V. RAMALINGAM.

HOSPET, Bellary Dist.

Codes Used :—Bentley's.
Tel : "SUGARS" Hospet.

Ref: No.....

.....

.....

.....

Dear Sir,

We enclose herein :—

1. Demand Draft No.....for Rs.....

2 Railway Receipt Nos.....of.....

on account of.....bags of sugar despatched to Messrs..... .....

We shall be obliged if you will deliver the railway receipts and the connected papers to the party on realising from them the Draft Amount plus all your collection charges and.....

.....under advice to us.

Kindly acknowledge receipt of documents.

Yours faithfully,

For THE INDIA SUGARS & REFINERIES, LTD.,

General Manager.

Encls.

From:

P.S.VISWANATHA IYER ESQR., I.C.S.,
Sub Collector, Hospet.

To:

The Collector, Bellary.

Ref: C. 2780/43 dated 17-4-44.

Sir,

CIVIL SUPPLIES - sugar cane commandeering scheme - Hospet Sugar Factory - Final Report - submitted.

REF:- G.O. No. 2511 Dev.Dept. dated 6-10-43.

****

In enclose herewith 2 copies of the final report of the Cane Commandeering Scheme sanction in G.O. quoted above. The scheme has come to a close by 15-4-44 and the staff deputed for the same have been disbanded this afternoon. One copy of the report may kindly be forwarded to the Government through the Director of Agriculture, Madras.

By order. Sd/xxxxxx
Head Clerk.

Copy to The Director of Agriculture, Madras direct with a copy of the report.
Copy to the District Agricultural Officer, Bellary with a copy of the report.
Copy to the Deputy Director of Agriculture, Guntur, with a copy of the report
Copy to the Managing Director, The I.S.R.Ltd., Hospet with a copy of report.

(True Copy)

FINAL REPORT ON THE CANE COMMANDEERING SCHEME HOSPET:

1. OBJECT OF THE SCHEME:- With a view to see that the India Sugars & Refineries Ltd., factory at Hospet should produce sufficient sugar for the needs of the area in these times of scaricity, when jaggery prices also are very high, the area under sugarcane in the following 17 villages extending over 4587 acres was commandeered asper the scheme submitted by me and sanctioned by the Government in G.O. No. Ms. 2511 Dev.Dept., dated 6-10-43.

VILLAGES.

1. Chitwadigi
2. Mudlapuram
3. Hospet.
4. Belagodu.
5. Gudioblapuram
6. Amaravathi.
7. Narasapuram.
8. Hosur.
9. Nagenahalli.
10. Krishnapuram.
11. Malapanagudi.
12. Kaderampuram.
13. Humpi.
14. Kamalapuram.
15. Hosakota (East of Mukarthihalla)
16. Kallirampuram.
17. Malapuram.

2. DURATION:- The scheme was started on 16-10-43 A.N. with the appointment of the special staff and came to a close on the 15th April, 1944. The factory started crushing from 15-11-43 and stopped working on 12-4-44.

3. STAFF AND CONTROL: In G.O. No. 2511 Dev. Dept. dated 6-10-43 the Government were pleased to sanction the deputation of one Agricultural Demonstrator and one clerk from the Agricultural Department on foreign service condtion and 2 peons and 20 maistries to be appointed on a temporary basis. Subsequently when the work increased and the staff sanctioned for the same were found to be insufficient the Govt. were addressed and were pleased to sanction an additional clerk with effect from 20-1-44 in Memo No. 5657-J-44-2, dated 18-2-44, thereby bringing the staff to one senior Agricultural Demonstrator, 2 Lower Division clerks, 30 maistries and 2 peons.

Though sanction was accorded by the Govt., for the appointment of 10 more maistries, it was not possible to procure efficient men for this work owing to war conditions and owing to resignations also the strength was never greater than 20.

As per the G.O. quoted above, the services of Sri Hanumantha Rao Asst. Agricultural Demonstrator and Sri N.S.R. Anjaneyulu clerk were lent to the factory and both of them reported themselves to duty on 16-10-43 A.N. Afterwards Sri K. Hanumantha rao reported sick and went on leave from 3-11-43 Fore noon and Sri K.S.Ramana Rai, Agricultural Demonstrator IV grade was appointed in his place and he joined duty on 6-11-43 Fore noon. Statement whowing the particulars of the staff whose services were loaned to the factory is given below:-

Name	Designation.	Date of relief in Govt. service.	Date of joining in Foreign service.	G.O. sanctioning the loan of service.	Remarks
1. Sri K.Hanumantha Rao.	Asst.Agrl. Demonstrator Adoni.	15-10-43 A.N.	16-10-43 A.N.	Govt.Memo 2294-J-44-2 dared 24-1-44	reported sick and went on leave from 3-11-43 F.N.
2. Sri.K.S.Ramana Rai.	Agrl.Demonstrator, Hospet. IV Grade	5-11-43 A.N.	6-11-43	G.O.No.4261-Dev.Dept.D/ 29-12-43.	worked till the end
3. Sri.N.S.R. Anjaneyulu.	Clerk,Agrl. Research Stn. Hagari	15-10-43 A.N.	16-10-43 A.N.	do	do

The remaining staff were appointed by me on a temporary basis. The Scheme was uner my administrative and personal control and the expenditure sanctioned for the same were paid my the Factory, as per the conditions of the G.O. quoted in para 1 to which the factory gave its consent.

4. WORKING OF THE SCHEME: The Cane Commandeering staff started work from 16-10-43 afternoon and till the factory started crushing on 15-11-43, the Agricultural Demonstrator and the clerk were busily engaged in inspecting and collecting the particulars regarding sugarcane area in the commandeered belt and preparing registers in the following form separately for each village.

1. S. No.
2. Name of Pattadar.
3. Name of cultivator.
4. Area.
5. Extent of sugarcane.
6. Planted or ratoon.
7. Cane cutting permit No.

The figure originally given in the draft shhome was 4885 acres, but after careful scrutiny and collecting of statistics, it came to 4587 acres commandeered, the factory advanced loans on the entire crop in 1000 acres and the remaining 3587 acres were commandeered directly. Issuing of cane cutting permits for each S.No. in this area of 3587 acres was begun from 15-11-43 after verifying the claims of the grower with the lease deeds or pattas or transfer deeds etc. As per the scheme only 12 tons per acre or 60% on an estimated average outturn of 20 tons were required to be cut and carted to the factory representing 43044 tons.

The supply of cane was in full swing ever since the factory started work. In February, 0-06" and in March 2.04" and in March 2.04" rain was received on 4 days on account of which the factory had to stop working for want of sufficient supply of canes during that period. Every month the factory had to stop working for 4 days i.e., once in every week for cleaning the machinery and excepting in the beginning of the season on a few occasions, the machinery functioned satisfactorily - Thanks to the good work of the Engineer charge.

The following statement gives the month-war figures of canes received during the season under review and for the corresponding periods of the previous years since 1940-41.

Month.	1940-41.	1941-42.	1942-43	1943-44.
Nover	1440	..	..	5791
Decr.	11656	8869	..	13736
Jany.	13049	14671	6537	14862
Feb.	10647	12765	11796	13834
March.	6468	3114	7471	10120
April.	..	..	724	1786
TOTAL.	43260	9419	26528	60129

* Company borrowers 17015
Directly commandeered. 43114
60129

The average outturn this year however works upto less than [illegible] per acre, and though this did not affect the quantity we expected [illegible] the private ryots who supplied 12 tons per acre, it accounts for [illegible] 3000 tons less received from the Company borrowers, so that we [illegible] not been able to reach the figure of 63000 tons originally estimated

It is clear from the above statement, that the supply of canes to the factory received in this season was record in the history of this factory for a season as well as for each month and this is solely due to the Cane Commandeering Scheme and the constant and unceasing efforts of the staff, to secure regular supply and prevent evasions and illicit manufactures.

The staff were busily engaged in checking the identity tickets of carts, survey numbers from which the crops were cut and were very vigilant in seeing that no malpractices are made such as carting the canes in the names of other persons and company borrowers and taking them away beyond the commandeered area for making jaggery etc. Further they were scrutinising that each permit holder carts his quota properly and that a steady regular supply of canes is made to the factory.

5. SUGAR:- This year 64,206 bags (2 Cwts each) of sugar were produced and this is the highest record of production in the history of this factory and also the highest average recovery ever obtained by them. Statement showing the sugar produced and the recovery obtained in this season and in the previous years is given below for comparison.

Year.	Cane crushed (tons)	Sugar bagged (tons)	Recovery %
1940-41.	43260	4027.0	9.3
1941-42.	39419	3752.9	9.5
1942-43.	26528	2699.4	10.2
1943-44.	60129	6413.0	10.7

One of the reasons why this high recovery in this season was obtained is due to the vigilance of the Cane Commandeering staff in seeing that better canes without trash and tops were supplied to the factory and the fact that we were constantly and often impressing on the factory authorities the need for producing as much as they could in the present circumstances and to see that no time was lost avoidably, at any stage from the issue of permit to the weighing of carts and the repairs etc., of the machinery. The recovery would have been still higher had the factory authorities taken our advice and put up a pendahl over the Cane stacking yard, just to prevent the canes from drying.

6.LABOUR:- In the early part of the season sufficient labour and carts were available, and hence a steady and regular supply of canes to the factory was received. But towards the close of December and afterwards there was scarcity for labour and carts, as the ryots were busily engaged in paddy harvest, jaggery making preliminary cultivation operations in respect of cane planting etc. During this period labour charges went up high and to add to this the usual labour that was being imported from the neighbouring states particularly for jaggery making was not available this year and hence the high and steady supply of canes to the factory as in previous months suffered a bit. But still the supply of canes to the factory in these months was high, when compared with the figures of canes supplied for the corresponding period in previous years.

7. JAGGERY:- In the Scheme it is contemplated that 12 tons are to be carted to the factory, 6 tons to be made into jaggery and 2 tons to b reserved for seed on the estimated average yield per acre to be 20 tons. Hence jaggery making permits in the same proportion of 2: 1 were granted to the ryots.

During the period 557 jaggery making permits were issued to convert 14798 tons of cane into jaggery. Each ton of cane produces about one heru (9 maunds of 25 Lbs each) of jaggery. Along with this permit, Jaggery coupons (at one coupon per one ton) were given to the ryots. These coupons were to be handed over the crusher owner as and when he makes jaggery (i.e.,) aftercrushing one ton of cane for jaggery - making he has to receive one coupon from the cane supplier and the cru-

crusher owner had to give an account of such coupons received by hi to the staff which was supervising.

The market for jaggery in the beginning was very good and it r from Rs. 45/- to 48/- per heru of 9 maunds and only those who finis carting their quota first got the benefit of this high prices. Towa the close of the scheme the market became dull and the rate fell from Rs. 45/- 48/- to 25/-29/-

8. CRUSHERS:- In the commandeered area cane crushers could be alled only under licence. During this season 221 licenced were gra to ryots to instal 211 bullock and 10 power crushers. Out of these only 205 bullock and 10 power crushers were actually working in the commandeered villages and in these crushers 557 ryots prepared jagge under coupon system mentioned above. As per the conditions of the licence (form A appended) the owners of the crushers maintained acco for the jaggery prepared and the Cane Commandeering staff was checki the same. Thus by the adoption of this coupon (form B appended) sys and the restrictions levied in that connection, were were in a posit to know exactly the canes supplied to the factory and the number of tons of cane converted into jaggery by each permit holder, thereby controlling a steady and regular supply of canes to the factory at every stage, giving no chance to ryots for malpractices.

Jaggery produced was transported to shops or homes only under a pass port (Form C appended) issued by the staff. The account of each crusher were verified with the coupons which were brought back to the office and cancelled. Thus, any tendency to convert more canes into jaggery was controlled.

9. ADVANTAGES OF THE SCHEME:- Advantage of this scheme was availed of by the Agricultural Demonstrator deputed for the scheme to effect the following Agricultural improvements.

(a) Jaggery: Hospet jaggery was notorious for its bad quality as such was not finding a market in any other part of the province. By controlling the quantity of juice per every charge of gur making, introduction of improved furnaces and pans, advice given in the bet preparation of jaggery, proper removal of scum etc., it is gratifyin to note that the jaggery produced in the controlled area, is equal if not better than the quality of jaggery produced in other parts this province. Some of the good samples fetched about Rs. 10/- mo per heru at 225 Lbs. Thus under the restrictions of the Cane Comma scheme the ryots in the controlled area have produced better jagge this a practical example that any improvement in agriculture can h achieved only under pressure or legislation and that too in a back ward district like Bellary where a large percentage of the popula and uneducated and conservative in nature. Thus it is clear that present only an Act or legislation alone can improve the conditio ryots and as is seen mere propaganda and demonstration w the agricultural department has been doing for the last 25 years improve the jaggery of this place was not of much avail.

(b) Nursery or short planting: On account of the bad mat one germination was so poor that on an average the ryots were a get only 85% of the normal yield. This poor yield was mainly d the planting of setts produced from arrowed or mature canes. introduction of nursery planting this defect could be overcome. small beginning was already made in this direction during the p year and the result thereof was found extremely encouraging. It hoped on account of the propagands made in this direction this y the area under short crop will increase in future.

(c) Smut control:- The maistries were trained how to identi the smut attacked plants and enlighten the ryots on the preventi and control measures of the same.

(d) Higher seed rate per acre:- Further, propaganda was mad the higher seed rate per acre, wider spacing between lines , bett manurial and cultural methods etc.

10. FINANCE:- In my draft report I asked for a sum of Rs. 5000/- of which 4,100 was for staff and Rs. 900/- for other expenses. An amount of Rs. 4100/- was sanctioned in the G.O. quoted in para 1 for running the scheme with one Agrl. Demonstrator, one clerk and 20 maistries and 2 peons. The entire cost came to about Rs. 4948/- with the additional clerk and a senior Agrl. Demonstrator as shown below and a further extension of the scheme by 15 days till 15-4-44.

ACTUAL EXPENDITURES.

1. Pay of the staff.	...	Rs. 2956- 7- 0
2. Fixed Travelling Allowance.	...	280- 0- 0
3. Transfer T.A.	...	211- 6- 0
4. Dearness Allowance.	...	802-13- 0
5. Stationery and Printing.	...	103- 0- 0
6. Cycle allowance.	...	126-14- 0
		4480- 8- 0

PROBABLE FURTHER EXPENDITURE.

1. Joining time pay of Agrl. Demonstrator and clerk.		90- 0- 0
2. Transfer T.A. of Agricultural Demonstrator and clerk.		50- 0- 0
3. Pension and leave salary, contribution of	dp do	327-14- 0
		467- 8- 0

TOTAL RS. 4948- 0- 0

11. MALAPRACTICES:- Due to the vigilant control or the cane commandeering staff and the elaborate system of permits, coupons and passports at every stage, there was practically no scope for malpractices resulting in prosecution. In one or two instances due to ignorance the ryots who had committed technical breaches of the rules were called for and were left off with severe warning. No cases requiring deterent action by means of prosecution have arisen, and no person has been allowed to evade his obligations of carting his quota to the factory. Where necessary, carts have been provided by the factory, and the cane brought away under my orders.

GENERAL:- (a) In the interests of the factory it is necessary that the factory should own at least 50 acres of land for donducting trials of early and late maturing varieties for lengthening duration of the crushing season of the factory, apart from the supply of better seed material to the ryots.

(b) To win the confidence of the ryots sufficient quantities of manures must be stocked and supplied to them at cheap rates by the factory.

(c) Shade trees must be planted in the cart stand and a suggestion has already been made in this direction and 150 plants have already been supplied to the factory by the Agricultural Department for the purpose. The size of the cane stacking yeard must be widened as the present one, can hold not more than 300 tons.

(d) Better facilities must be provided for the immediate weighment and release of the carts. The factory must put up two more weigh bridges, if the scheme is to be continued next year.

(e) Better facilities must be afforded to put up more taps and water troughs for supplying drinking water for men and cattle.

(f) On account of bad roads there is lot of damage to carts and hardships to animals, especially in these days of shortage of cattle

cattle and materials for making carts. Hence it is suggested that better attention may be paid to the lay out of more leading roads and improve the existing ones. The Dt. Board gets a lot of assessment out of this area, but it has not provided adequate communication facilities.

(g) It is essential that the factory should own at least half a dozen lorries or about 50 carts with animals so that in the times of shortage of carts and animals the defficiency may be met by the factory.

CONCLUSION:- In this connection I am thankful to the factory authorities for their hearty co-operation in bringing the scheme to a successful end. The factory has produced over 64,000 bags of sugar which is about 20,000 more than they have ever done in their history. It must also be remembered that the factory earned its standards profit when they completed 30,000 bags, and that with E.P.T. and Income Tax, it was scarcely worth their while to continue producing at the risk of damaging their old machinery, when there was no hope of getting replacements. The Engineers of the factory, and the workshop have done miracles of patching up, to keep the machinery going for this high standard of crushing.

The Demonstrator Sri K.S. Hamama Rai has spared no pains to make the scheme a success, and but for his enthusiasm and zeal, it would have been impossible for me, in the midst of my other duties to get any thing done on the few days that I could be at Hd. Quarters. As it was, my work was considerably lightened by his intelligent following of my instructionsand the judicious use of his own discretion.

The clerk Sri. N.S.R. Anhaneyulu also did his work with intelligence and promptitude.

Sd. P.S.VISWANATHA IYER

SUB COLLECTOR.

(TRUE COPY)

21-6-44.
Hospet,
MK.

N Sadasivam
Asst. Secretary
The G. S & R Ltd.,
Hospet.

Development Department.

Memorandum No. 216923/44-8 dated 26.7.1944.

Sub: Civil Supplies - Sugar - Hospet Sugar Factory Installation of additional plant.

Ref: From the Director of Industries and Commerce No. 652.A.1/44 dated 28-6-44.

The Director of Industries and Commerce has recommended that an essentiality certificate may be issued to the Hospet Sugar Factory for the additional units of machinery etc. required by it. The Government are pleased to accept this recommendation in respect of all the requirements of the factory [except the iron and steel requirements for the sugar godown.] The necessary certificate in original is enclosed for being forwarded to the factory authorities.

As regards the factory's requirements of iron and steel for the sugar godown the Director of Industries and Commerce has not stated whether the Hospet sugar factory requires controlled categories of steel. If controlled categories are required the factory authorities should follow the procedure prescribed by the Government of India and the Steel Controller. (The Director of Industries and Commerce is informed in this connection that [redacted] the use of good steel in the construction of buildings except for very strong reasons has been prohibited by the Government of India) If scrap and defectives would serve the purpose of the [redacted] they may approach the Deputy Iron and Steel Controller, Madras, for obtaining their requirements.

3026

2. The Government also accept the other recommendation of the Director of Industries and Commerce that an endorsement may be given to the Hospet Sugar Factory ~~[illegible]~~ to the effect that the additional units of machinery in question have to be installed at the desire of the Government to meet conditions created by the War. The Director of Industries and Commerce is requested to issue such an endorsement to the factory ~~[illegible]~~ and to submit a copy of it to the Government.

para 2 p.1 ink.

'A' & 'B' and 'C' ord. 6 ink.

orders at 'C' on M p.4 ink.

To the D.I.& C.

Tem. 15 days.
copy to the Bd. of Revenue (CS)
copy to Stock file

R. 10.8.46

CERTIFICATE.

Certified that the demand of the India Sugars and Refineries Ltd., Hospt, for the following additional units of machinery is both urgent and essential:-

S.No.	Description of unit.	Pre-war prices.	Approximate present prices.
1.	Milling plant	Rs. 1,10,000	About 50% more than the Pre-War prices.
2.	Clarification plant	20,000	
3.	Evaporation & Boiling plant.	60,450	
4.	Curing & Cooling plant	36,400	
5.	Sundry plant	16,000	
6.	Power plant	1,00,000	
7.	Weigh Bridges	35,000	
8.	Workshop machinery	14,750	

Additional Secretary to the Government of Madras,
Development Department.

27

No. 652-A.1/44. Office of the Director of Industries & Commerce, Madras, D/15th Aug. 1944.

UNDER SECRETARY
23 AUG 1944
DEVELOPMENT DEPARTMENT

218 48953

From
A. Khaleeli Esq., I.C.S.,
Director of Industries & Commerce, Chepauk, Madras.

To
The Secretary to Government,
Development Department,
Madras.

Sir,

Sub:- Civil Supplies - Sugar - Hospet Sugar Factory - Installation of additional plant.

Ref:- Government Memo No. 21692-J.1/44-8 dated 26-7-1944.

I forward for the information of Government a copy of the endorsement issued to the Indian Sugars and Refineries Ltd.

Encl: 1.

Director of Industries & Commerce.

kcv. 16/8.

29

Office of the Director of Industries & Commerce, Madras, D/~~15th~~ 21st Aug. 1944.

Endorsement given on behalf of the Madras Government under Section 26(3) (b) of the Excess Profits Tax Act XV of 1940.

This is to certify that the additional units of machinery detailed below proposed to be put up by the India Sugars and Refineries Limited, Hospet, have to be installed at the desire of the Madras Government to meet conditions created by the war and will not be required for the purpose of the Company's business after the termination of the present hostilities.

Serial No.	Description of Unit.	Pre-war Price	APPROXIMATE present price.
1.	Milling Plant.	Rs. 1,10,000	
2.	Clarification Plant.	Rs. 20,000	
3.	Evaporation & Boiling Plant.	Rs. 60,450	ABOUT 50%
4.	Curing & Cooling Plant.	Rs. 36,400	MORE THAN THE PRE-
5.	Sundry Plant.	Rs. 16,000	WAR PRICES.
6.	Power Plant.	Rs. 1,00,000	
7.	Leigh Bridges.	Rs. 35,000	
8.	Workshop Machinery.	Rs. 14,750	

Director of Industries & Commerce.

JAR 16/8

Note file

Devl. Depts

Civil Supplies - Sugar - : Hospet Sugar factory.
Installation of additional plant

C.F. Refer from the D.C. Nr. 652 A/44 dated 11.4.1944.

Please see the letter from the D.I.C. on p.1/C.F. recommending the issue to the Hospet Sugar factory of an Essentiality Certificate for the additional units and requesting that all facilities may be given to the factory to obtain them. No Essentiality certificate seems to have been presented for purchasing the articles in question. It is not clear under what order the D.I.C wants the Govt to issue an essentiality certificate to the factory. He may be asked. It is also not clear what facilities the D.I.C expects the Govt to give the factory to obtain the additional units. The D.I.C. may be asked to make this also clear. Subject to orders in the correspondence now submitted for approval P.W.D may see before issue.

2. The question of making any allowance with reference to Section 2.6 (3)(b) of the Excess Profits Act in computing profits would appear to be one to be settled by the Hospet factory with the Central Board of Revenue and it does not seem that the D.D.& C. can give any certificate in this regard as proposed by him. Orders whether legal may be requested to advise whether he may be informed accordingly.

15/4/44

p.467 of Vol IV Income-tax & Excess Profits Act put up

4

17.4.44 Legal

Devt. note 21692 Jan'44
17.4.44

P.W.D

please see pp.1-2 C/F and the notes of the Devl. depts

on p.1 above. The requirements of the Company are given in the list at p.2 cg. Items 1 to 8 of the list are plants and machinery required by the factory. Item 9 gives the iron and steel requirements for the Sugar godowns of the factory. It is not indicated whether the steel required pertains to the controlled category of steel or not. The report proposed to be called for from the D.I.C. may elucidate the position. The file may be passed on to Legal u.o. ~~on please~~

2/ Please see in this connection Govt. letter No. 675 Eg/44-3 dated 16-2-44 wherein the factory has been advised to address the Dy. Iron and Steel Controller, Madras for the additional quota of scrap and steel required by them for repairs and renewals to their machinery. The file may be passed on to Legal u.o.

Eg 20/4/44.

Legal 21-4-44

2828

Legal Dept.

The position stated by Devt. at A on p.1 above is correct.

27/4/44 S

Legal U.O 2828-1 27/4/44

25072

Dev. Dept.

Please see the notes of the P.W.D. and Legal Depts. on pp. 1-2 above. With reference to A on p.1 above and Legal notes at B above another para has been added to the draft memorandum to the D.I. & C. Submitted that the draft may now be issued as amplified. for orders. The

Issued as memo no. 21692 J-I/44-2 dated 2.5.44.

" " " 21692 J-I/44-3 dated 13.5.44.

" " " 21692 J-I/44-4 dated 25.4.44.

" " " 21692 J-I/44-5 dated 6.4.44.

C.38584. From the Director of Industries and Commerce, No.652.A.I/44 dated 28th June 1944.

To Ex.

Notes from page 1 above: Cr.

The reply of the Director of Industries and Commerce on pages 9 - 10 c.f. to the memorandum at page 3 c.f. is submitted for perusal. His proposals are:

(1) that an essentiality certificate may be issued to the Hospet Sugar Factory for the additional units of machinery etc. required by it, and

(2) that the factory may also be given an endorsement to the effect that the additional units have to be installed at the desire of the Government to meet conditions created by the war.

PROPOSAL (1) above:

The Hospet Sugar Factory wants an essentiality certificate for the additional units of machinery which is required to increase the production of sugar. The Factory authorities state that the additional units are necessary even to maintain the factory's normal output of 4,000 tons of sugar in the ensuing season and that it is imperative that the additional units should be installed in time. The Director of Industries and Commerce recommends that the certificate asked for may be issued more or less on the lines of a similar certificate given to Messrs. K.V.Ratnam & Bros., for import of rolled gold clips. For orders whether this recommendation will be accepted straightaway or whether Board of Revenue (Civil Supplies) will be consulted before doing so.

'H' p.1 ante 4 pp 12-13 cf. X Vide statement p. 2 cf. ⊗ pp 7-8 of memo 27246 I/44 A ⊕ 7. 6 cm

Attention is invited in this connection to portion 'M' of P.W.D. notes on page 2 above. The Director of Industries and Commerce has not stated whether the steel required by the Hospet factory pertains to the controlled category of steel or not. Submitted that it does not seem necessary to ascertain this information for the present purpose. For orders P.W.D. may see. +

PROPOSAL (2) above:

The Hospet factory authorities have represented that as the installation of the additional units in question has been

page 4 pp 12-13 cf.

been necessitated by the desire of the Government to increase the output of sugar in this Presidency so as to make up the deficiency in the supply of the essential commodities caused by the conditions arising out of the war, and that they should be given an endorsement to that effect so that they may move the Central Board of Revenue to make the necessary allowances under section 26 (3) (b) of the Excess Profits Tax Act in computing the profits of the Factory. The Director of Industries and Commerce recommends the issue of such an endorsement to the Hospet factory and reports that a similar endorsement has been recently given to Messrs. Parry & Co., Madras, who have undertaken at the instance of the Government to expand production of superphosphate required by the Agriculturists. For orders whether this recommendation may be accepted straightaway or whether the Board of Revenue (Civil Supplies) may be consulted before doing so. Finance may be requested to advise whether the endorsement in question can be issued. / B / Y

Submitted that the certificate in question was issued to Messrs. Parry & Co., by the Director of Industries and Commerce himself. For orders whether on this analogy the Director of Industries and Commerce may be asked to issue the endorsement to the Hospet Factory also. / C

A, B & C. may be approved. It does not appear necessary to consult the C.E.S.

P.W. may see x.x at p.3 ante and Fin. re 4. above.

12744 Ad. Sec.

PWD - Fin

P.W.D.

A.S. [previous notes of P.W.D. at p. 2 ante]. please see the notes of Dept. on pp 3-4 above. The Hospet Sugar Factory requires iron and steel for sugar godowns. vide item 9 of list at p. 2 of. If controlled categories of steel are required, the Company should apply / D

for a licence to the Steel Controller in form I.S.L. 2 (Revised) (obtainable from the Controller of Supplies) after taking into account the alternative Considerations mentioned in para 4 of the Steel Controller's Important Notice dated 5-8-43. In this connection it may be pointed out that the use of good Steel has been prohibited for buildings purposes except for very strong reasons vide G. of I. Deptt. of Supply memo. No. WIII-3 (371) dated 27-9-43. This Govt. ordered in G. O. No. 1170 PWD dated 4-5-44 that no new works involving the use of Steel should be started though military, Civil defence and A.R.P. were excluded from the scope of this ruling. If however, Scrap and defectives would serve the purposes, the Dy. Iron and Steel Controller may be approached for their supply. With these remarks the file may be passed on to Fin U.O.

(see 'N' on p. 2 ante)

15/7/44 Hon'ble Secretary may adopt the usual procedure for obtaining non-basic requirements by it. It seems unnecessary to pursue this point in regard to the entitlement to the grievance for the additional units of machinery required by it.

16.7.44

17

Finance (Accts B)

P.W.D. No. 32966/44-1
17-7-44

The remarks of this deptt. are required with reference to Y on p. 4 above - i.e. proposal (2) at page 3 above.

17 JUL 1944
SECRETARY TO GOVT. OF INDIA
FINANCE DEPARTMENT

38610

The India Sugars and Refineries Ltd do not-

want any Certificate (nor is this Govt. competent to give) with refce specifically to Section 26(3)(b) of the Excess Profits Tax Act. What they want is only an Asst to the effect that the addl. units have to be installed at the desire of the Govt. to meet Conditions created by the War. With such an asst the Association may hope to plead to the Central Board of Rev. that the addl. units will not be required after the war and get such allowances (as in computing profits) as the Central Board may think fit. Whether an asst. as at A above may be given or not is mainly an administrative matter. The final decision as to the measure of allowance that may be granted rests also with the Central Board of Rev. This deptt. need not perhaps object to such an asst being given if Devt. wish to do so.

19.7.44

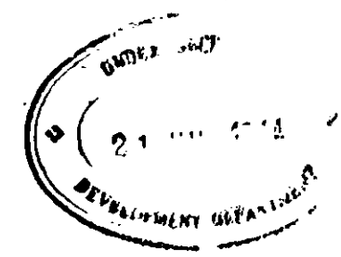
20.7.44.

Fin. no. 38640 dated 21.7.44

Development Department.

Please see the notes of the public works and Finance Departments at pages 4-6 above. Submitted that with reference to P.W.D. notes at page 4-5 above the essentiality certificate to be given to the Hospet Sugar factory may be confined to the additional units of machinery required by it and as regards the iron and steel requirements of the factory the position may be explained to the Director of Industries and Commerc

42339(2)



~~Commerce~~. For orders.

p 6 ante

2. As Finance have no objection to the grant of an endorsement to the factory as at 'A' on page 6 above submitted that the Director of Industries and Commerce may be asked to issue such an endorsement as himself as already ordered at 'C' on page 4 above and to submit a copy of it to the Grant.

3. Subject to orders a draft memorandum is submitted for orders as to circulation.

Draft memo explains itself and may be approved.

25/7/44 Asst Sec 25/7/44

26/7/44

H.D. 28 30 [illegible] memo No 21652 II/44 dtd 26/7/44

(CN: 48853 III(a)) from the D.D.A.C. No. 652-A.I./Ac dt 21.8.cm. ff 33-35 of

D.O.No.:- The letter from the D.D.A.C. at f. 33 of enclosing the order at f. 35 of issued by him to the Hospet sugar factory w.r.t. M/ at f. 30 of is submitted for perusal & action. Submitted that the file may now be recorded.

25.8.cm.

25844

3678A

Group No. 36 of 26/8/cm

Civil Supplies - Sugar - Hospet Sugar factory - Installation of additional plant - Essentiality certificate and Endorsement under Section 26(3)(b) of Excess Profits tax Act 1940 - Issue - file recorded

To A.S.

Submitted.

The two G.O.s No.3679 dated 1st September 1945 and 3679 dated 26th August 1944 were received on 19th September 1945 from the Central Record Branch ~~office~~ for correcting their numbers as both G.Os. bear the same number but different dates. They were sent to the respective sections J.I. and J.II. Both the sections have refused to take the G.Os. and rectify the mistake. The concerned sections may be asked to take ~~the~~ action to have the numbers of the G.Os. altered.

1960 20/9/45 One G.O. numbered first i.e. G.O 3679 d. 26th August is the correctly numbered one as verified from the Numbering Register. As the second G.O. 3679 d. 1st Sept '45 is the one numbered afterwards, section J II may be asked to have its number altered suitably by issuing a Corrigendum.

Through J II

G
11.9.45

The subject livestock has been transferred to 'P' section. That section may be requested to issue a Corrigendum.

Thro' Ps.

11.9.45

AS III 18

Please see the note on p. 1 above. Though the G.O. at (i) is the one correctly numbered, this is only a G.O. in which the papers are recorded. A changing of the number of this G.O ~~will not therefore involve any~~ can therefore be achieved easily The G.O. at (U) is a press G.O. and if the number of this G.O has to be changed, this change may have to be communicated to the large number of addresses shown on p. 2 of (U). It is therefore for consideration & orders whether the number of the G.O. at (U) may be left unaltered and that of the G.O. at (i) changed to "3678-A". If approved, this ~~file~~ may be stitched with the papers at (i) ... as necessary alterations may be ~~also~~ made in the numbering book ~~also~~, the cyclostyled G.O., the P.R. etc; after perusal by Public (CRB).

(k) 2/10/45

3/10/45.

Yes 3/10/45

X

Mr. Menon

3.10.45

3/10/45

The numbering is unaltered in Bombay., I believe

"X" above

Necessary alterations made in P.R., Bombay

CS

Phillips